



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

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December 12, 2001

Sally Wisely, State Director
U.S. Bureau of Land Management
324 South State Street, Suite 301
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Re: White River Oil Shale Mine, Uintah County, Utah

Sally
Dear Ms. Wisely:

After reviewing the enclosed materials sent to me by the Governor's Office, I encourage BLM to consider a fair market value sale to Oil Tech, Inc. of 1,000 tons of oil shale that I understand is stockpiled on the site of the inoperative White River oil shale mine. While today's falling crude oil prices suggest only long range economic viability for this commodity, the willingness of the private sector to undertake sampling and analysis of this order of magnitude is encouraging, given current economic conditions.

Knowing that BLM presently has a reclamation schedule for the mine, it appears to me that sale of a bulk oil shale sample without conferring a mineral right or obligation to mine the property does not have to conflict with BLM's need to maintain the property in a manner that protects human health, safety and the environment. If this assumption is correct, public and private sector goals could be met, and future leasing and mining of the property in a more favorable economic climate could be facilitated. In any event, the testing and evaluation of new extractive and refining technologies will facilitate economic decision making for this unique deposit.

I would be happy to discuss this with you or your staff should you think this might be beneficial.

Sincerely,

Lowell P. Braxton
Director

dh

Enclosure

cc: Rich Mckeown
Hugh Thompson

**OIL-TECH, INC.
5615 North 6300 West
Morgan, Utah 84050
801-876-2001**

December 3, 2001

To: Rich Mckeown
From: Jack Savage
Copy: Russ Fotheringham
Page 1 of 2
Subject: BLM Owned Ua, Ub 10,000 Acres Known As The White River Oil Shale Project.

Dear Rich,

Thank you for your willingness to help where possible in delaying the BLM's avowed reclamation of the subject property until such time that a potential Ua, Ub "land exchange" could be consummated between the BLM and the State of Utah.

By way of a brief history pertaining to the subject land/project, the consortium of Philips Petroleum, Sun Oil and SOHIO (the "Consortium") originally leased this property from the BLM for the purpose of mining and retorting oil shale and commercializing shale oil. The Consortium invested more than \$180,000,000 in infrastructure including roads, metal service buildings, electric power system, water system, dam to prevent potential mine water from reaching the White River and a state-of-the-art underground mine.

In approximately 1985, the Consortium closed their operation to commercialize shale oil and gave the BLM \$1,000,000 to maintain, in perpetuity, the developed infrastructure for the purpose of research and shale oil development.

By 1990 the BLM had used in total the \$1,000,000 given them to maintain the site. Also at this time, Byron Merrell/Oil-Tech, Inc. had leased from the BLM and fenced one acre of ground near the mine site and was operating a research and development Retort. Previously mined oil shale owned by and purchased from the BLM was used in this operation.

With the \$1,000,000 spent, the BLM allegedly had no money to maintain guard personnel at the site and elected to "seal" the mine to prevent potential accidents, injuries and/or vandalism. Several tons of dirt/rock were pushed against the mine portal to prevent entry into the mine. The two service shafts were sealed with cement caps drastically reducing, if not eliminating, needed air circulation. Two men were hired to weld a screen to a small ventilation opening in the cement caps to prevent birds or animals from entering. With the previous elimination of proper air circulation, the gas build-up inside the mine was ignited by weld sparks falling from the service shaft and unfortunately one man was killed in the ensuing explosion.

With the accident, the BLM proclaimed the site/area as "dangerous" and insisted that Byron Merrell/Oil-Tech abandon their project and leave the property. Byron did so and reclaimed the one acre leased site to its original condition as the lease stipulated.

It is our understanding that approximately one year ago the BLM had listed an Internet bid process for the possible sale of its metal service buildings. We believe there was only one bid and the buildings have subsequently been sold to the bidder for scrap. We believe the buildings are currently being disassembled and removed from the site.

It is also our understanding that following the removal of the service buildings, the dam will be reclaimed and the mine filled in- probably with the previously mined shale which Oil-Tech desperately needs to complete its independent validations. To reclaim this ready-to-operate site in the richest oil reserve area of the world would be both a folly and a tragedy. To rebuild a like facility, in today's money, would most likely cost twice the amount of the original \$180,000,000 invested by the Consortium.

Several months ago, Oil-Tech purchased 300 tons of shale from the BLM. The shale was used to operate and prove Oil-Tech's Retort and proprietary processes. A recent request to purchase from the BLM an additional 1,000 tons of shale was refused with no apparent reason given. Oil-Tech has no available mined oil shale and desperately needs shale to commence a 30 day Retort run as part of our independent validation process.

Rich, it appears that David Howell/BLM is on a fast track to reclaim the subject site which would bury an investment in today's money worth up to \$400,000,000. Oil-Tech has developed the technology to unlock the vast treasure of oil shale found in eastern Utah, western Colorado and southern Wyoming. It would be a tragedy if the State of Utah can't take control of the subject property and lease the same to Oil-Tech. Such could provide millions of dollars to the school children of Utah.

In addition to our desire to have access to the mine, Oil-Tech's immediate need is to purchase 1,000 tons of oil shale which is owned by and currently stock piled on BLM ground. While we are near completion of several of our independent validations, we need to run our Retort for a continuous 30 day period to validate costs, efficiencies and identify failure or lack thereof. Our Retort processes 24 tons of shale per day equating to a minimum of 720 tons of needed shale for a 30 day run.

We would be grateful for any help you and the Governor might exercise in obtaining a temporary halt on the BLM reclamation project and making possible Oil-Tech's purchase of approximately 1,000 tons of BLM oil shale.

Thank you for your consideration and anticipated help. Please phone if you have any questions.

Sincerely,

Jack Savage, President

TRANSACTION REPORT

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UTAH DIVISION OF OIL, GAS AND MINING FACSIMILE COVER SHEET

DATE: December 12, 2001

FAX#: 539-4013

ATTN: Sally Wisely, State Director

COMPANY: Bureau of Land Management

DEPARTMENT: _____

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From: Lowell Braxton